

**TOWN OF THORSBY**  
**Financial Statements**  
**Year Ended December 31, 2020**



**Town of Thorsby**  
**Contents**  
**Year Ended December 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Council of Town of Thorsby

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in the responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

John H.C. Pinsent Professional Corporation, Chartered Professional Accountants, have been appointed by Town Council to express an opinion on the Town's financial statements.

Thorsby, Alberta  
April 30, 2021

*Tamara Sloboda CPA, CGA*

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Mrs. Tamara Sloboda, CPA, CGA  
Chief Administrative Officer





# ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS

Daniel J. St. Arnaud, CPA, CA\*\*  
John H.C. Pinsent, FCPA, FCA, ICD.D\*\*  
Benardus C. Steman, CPA, CA, CFA\*\*

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Town of Thorsby

### Opinion

We have audited the financial statements of the Town of Thorsby ("the Town"), which are comprised of the statement of financial position as at December 31, 2020, the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Town of Thorsby at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matters

The financial statements of the Town for the year ended December 31, 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements on their report dated October 28, 2020. We make no representation on the prior year numbers which are provided for comparative purposes.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*John H.C. Pinsent Professional Corporation*

Edmonton, Alberta

John H.C. Pinsent Professional Corporation

April 30, 2021

Chartered Professional Accountants



**TOWN OF THORSBY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 1,645,430	\$ 1,791,943
Receivables		
Taxes and Grants in Place of Taxes		
Property Taxes - Current	53,839	75,885
Property Taxes - Arrears	44,981	43,970
	<u>98,820</u>	<u>119,855</u>
Trade and Other Receivables		
Trade Accounts (Utilities)	77,996	76,952
GST Receivable	85,285	61,955
Other Trade Receivables	21,415	-
	<u>184,696</u>	<u>138,907</u>
Provincial Governments Receivables	807,757	456,713
Other Local Government Receivables	294,914	-
	<u>1,102,671</u>	<u>715,475</u>
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 3,031,617</b>	<b>\$ 2,507,418</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 81,257	\$ 146,436
Deposit Liabilities	-	1,466
Deferred Revenue (Note 2)	901,810	643,862
Employee Benefit Obligations	95,414	84,834
Long - Term Debt (Note 3)	3,086,838	3,358,049
	<u>4,165,319</u>	<u>4,234,647</u>
<b>NET DEBT</b>	<b>-\$ 1,133,702</b>	<b>-\$ 1,727,229</b>
<b>NON - FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	\$ 16,598,412	\$ 17,207,858
Prepaid Expenses	8,636	6,454
	<u>16,607,048</u>	<u>17,214,312</u>
<b>ACCUMULATED SURPLUS (Note 5)</b>	<b>\$ 15,473,346</b>	<b>\$ 15,487,083</b>
Contingencies (Note 8)		



**TOWN OF THORSBY**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 Budget	2020 Actual	2019 Actual
<b>REVENUE</b>			
Net Municipal Taxes <i>(Schedule 2)</i>	\$ 1,227,864	\$ 1,252,650	\$ 1,414,841
Sales and User Charges	1,260,753	894,782	868,734
Program Revenues	36,753	35,405	31,390
Government Transfers for Operating <i>(Schedule 3)</i>	325,563	333,747	376,821
Franchise and Concession Contracts <i>(Note 9)</i>	242,000	232,787	235,936
Rentals	88,250	87,066	85,950
Returns on Investments	37,800	17,583	47,898
Licenses and Permits	11,000	18,744	34,034
Penalties and Costs on Taxes and Utilities	37,500	37,278	30,891
Fines	4,500	75	2,002
Other	91,255	3,052	1,543
	<b>\$ 3,363,238</b>	<b>\$ 2,913,169</b>	<b>\$ 3,130,040</b>
<b>EXPENSES</b>			
Legislative	\$ 73,728	\$ 66,541	\$ 89,576
Administration	977,329	529,677	503,887
Bylaws Enforcement	21,465	20,264	9,228
Fire and Disaster Services	48,253	53,224	47,278
Roads, Streets, Walks and Lighting	226,961	181,569	171,411
Common	501,942	401,554	490,112
Water Supply and Distribution	710,172	396,211	479,712
Wastewater Treatment and Disposal	192,348	91,234	87,947
Waste Management	87,705	85,168	84,503
Subdivision Land Development	37,305	2,637	-
Family and Community Support	72,140	75,429	83,152
Land use Planning, Zoning and Development	110,507	110,041	59,651
Parks and Recreation	458,254	426,150	488,310
Culture: Library, Museums, Halls	60,192	52,315	84,481
Amortization of Tangible Capital Assets	-	712,584	662,026
	<b>3,578,301</b>	<b>3,204,598</b>	<b>3,341,274</b>
Annual Deficit before Other Income	- 215,063	- 291,429	- 211,234
Government Transfers for Capital <i>(Schedule 3)</i>	215,063	229,376	430,366
Gain on Disposal of Tangible Capital Assets	-	-	4,400
	<u>215,063</u>	<u>229,376</u>	<u>434,766</u>
<b>Annual Surplus (Deficit)</b>	<b>-</b>	<b>62,053</b>	<b>223,532</b>



**TOWN OF THORSBY  
STATEMENT OF CHANGES IN NET DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020 BUDGET</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
ANNUAL SURPLUS (DEFICIT)	\$ -	-\$ 62,053	\$ 223,532
Acquisition of Tangible Capital Assets	- 250,000	- 103,138	- 961,811
Amortization of Tangible Capital Assets	-	712,584	662,026
Proceeds on Disposition of Tangible Capital Assets	-	-	17,000
FGTF AB Capital Transfers	-	48,306	-
Gain on Sale of Tangible Capital Assets	-	-	4,400
	<u>- 250,000</u>	<u>595,699</u>	<u>- 63,653</u>
Use (acquisition) of prepaid expenses	-	2,172	7,335
DECREASE (INCREASE) in NET DEBT	<u>- 250,000</u>	<u>593,527</u>	<u>- 56,318</u>
NET DEBT, BEGINNING OF YEAR	<u>- 1,133,702</u>	<u>- 1,727,229</u>	<u>- 1,670,911</u>
<b>NET DEBT, END OF YEAR</b>	<b>- 1,383,702</b>	<b>- 1,133,702</b>	<b>- 1,727,229</b>





**TOWN OF THORSBY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Annual Surplus (Deficit)	-\$ 62,053	\$ 223,532
Non-Cash Items included in annual surplus		
Amortization of Tangible Capital Assets	712,584	662,026
Gain on disposal of Tangible Capital Assets	-	4,400
	<u>650,531</u>	<u>881,158</u>
Changes in non-cash Working Capital balances related to operations:		
Receivables	- 670,702	- 287,417
Accounts Payable and Accrued Liabilities	- 54,599	- 137,191
Deferred Revenue	257,947	77,474
Deposit Liabilities	- 1,466	- 10,633
Prepaid Expenses	- 2,181	7,335
	<u>- 471,001</u>	<u>- 350,432</u>
	<b>179,530</b>	<b>530,726</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of Tangible Capital Assets	- 103,138	- 961,811
Proceeds on Disposal of Capital Assets	-	17,000
Proceeds on FGTF AB Capital Transfers	48,306	-
	<u>- 54,832</u>	<u>- 944,811</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of Long-Term Debt	- 271,211	- 240,067
Proceeds from Long-Term Debt	-	335,957
	<u>- 271,211</u>	<u>95,890</u>
DECREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	- 146,513	- 318,195
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,791,943	2,110,138
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,645,430</b>	<b>1,791,943</b>



**TOWN OF THORSBY**  
**SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS**  
**AS AT DECEMBER 31, 2020**

(Schedule 1)

	2020	2019
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 13,849,809	\$ 13,658,515
Acquisition of Tangible Capital Assets	103,138	961,811
Amortization of Tangible Capital Assets	- 712,584	- 662,026
Repayment of Capital Long-Term debt	271,211	240,067
Proceeds from Capital Long-Term debt	-	335,957
Net Book Value of Tangible Capital Assets	-	12,601
<b>BALANCE, END OF YEAR</b>	<b>13,511,574</b>	<b>13,849,809</b>
Equity in Tangible Capital Assets is comprised of the following:		
Tangible Capital Assets (Net Book Value)	16,598,412	17,207,858
Capital Long-Term debt	- 3,086,838	- 3,358,049
	<b>13,511,574</b>	<b>13,849,809</b>



**TOWN OF THORSBY  
SCHEDULE OF PROPERTY TAXES  
AS AT DECEMBER 31, 2020**

(Schedule 2)

	<i>2020 (Budget)</i>	<i>2020 (Actual)</i>	<i>2019 (Actual)</i>
<b>TAXATION</b>			
Real Property Taxes	\$ 1,412,383	\$ 1,438,443	\$ 1,603,367
Designated Industrial Property Taxes	67,500	66,216	70,248
Government Grants in Lieu of Property Taxes	16,235	16,234	16,234
	<b>1,496,118</b>	<b>1,520,893</b>	<b>1,689,849</b>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	265,421	265,418	272,133
Leduc Foundation	2,590	2,582	2,615
Designated Industrial Property	243	243	260
	<u>268,254</u>	<u>268,243</u>	<u>275,008</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<b>1,227,864</b>	<b>1,252,650</b>	<b>1,414,841</b>



**TOWN OF THORSBY  
SCHEDULE OF GOVERNMENT TRANSFER  
AS AT DECEMBER 31, 2020**

(Schedule 3)

	<i>2020 Budget</i>	<i>2020 (Actual)</i>	<i>2019 (Actual)</i>
<b>TRANSFERS FOR OPERATING</b>			
Local Governments	\$ 235,852	\$ 241,781	\$ 265,944
Provincial Government	89,711	91,966	110,877
	<b>325,563</b>	<b>333,747</b>	<b>376,821</b>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	215,063	229,375	430,366
	<b>540,626</b>	<b>563,122</b>	<b>807,187</b>



**TOWN OF THORSBY**  
**SCHEDULE OF SEGMENTED INFORMATION**  
**AS AT DECEMBER 31, 2020**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Total
<b>REVENUE</b>								
Property Taxation	1,486,213	-	-	-	-	-	-	\$ 1,486,213
General Administration	4,807	-	-	-	-	-	3,247	\$ 8,054
Franchise Fees	232,787	-	-	-	-	-	-	\$ 232,787
Other General Government	3,052	-	-	1,466	-	-	-	\$ 4,518
Licenses & Permits	11,468	1,600	-	250	-	5,426	-	\$ 18,744
Fines	-	75	-	-	-	-	-	\$ 75
Service and Waste Disposal Fees	-	-	106,043	-	-	-	-	\$ 106,043
Infrastructure and Rehabilitation Fund	-	-	56,128	85,072	-	-	-	\$ 141,200
Water Supply and Distribution	-	-	-	333,982	-	-	-	\$ 333,982
Bulk Water Distribution	-	-	-	14,942	-	-	-	\$ 14,942
Wastewater Treatment and Distribution	-	-	-	85,072	-	-	-	\$ 85,072
Waste Disposal Fees	-	-	-	109,998	-	-	-	\$ 109,998
Penalties on Taxes and Utilities	23,919	-	-	13,360	-	-	-	\$ 37,279
Program Revenues	-	-	-	-	15,083	-	2,370	\$ 17,453
Provincial Grants	91,966	-	-	-	-	103,850	-	\$ 195,816
Local Grants and Other Donations	1,000	-	-	-	9,016	-	8,400	\$ 18,416
Return on Investments	16,113	-	-	-	-	1,470	-	\$ 17,583
Rentals	-	-	-	-	-	-	87,066	\$ 87,066
Local Boards and Agencies	25	-	-	-	-	-	1,700	\$ 1,725
Local Government and Costs Share	-	-	-	-	-	-	225,578	\$ 225,578
	\$ 1,871,350	\$ 1,675	\$ 162,171	\$ 644,142	\$ 24,099	\$ 110,746	\$ 328,361	\$ 3,142,544

<b>REVENUE - Year 2019</b>	\$ 1,517,105	\$ 8,415	\$ 7,643	\$ 789,721	\$ 38,161	\$ 378,734	\$ 390,261	\$ 3,130,040
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	General Government	Protective Services	Transportation Services	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Total
<b>EXPENSES</b>								
Salaries   Wages   Per-Diems   Benefits	363,204	17,842	306,685	-	62,738	-	157,335	\$ 907,804
Contracted and General Services	173,747	1,595	45,084	354,530	1,681	107,404	104,422	\$ 788,463
Purchases from Other Governments	-	28,404	-	-	-	-	-	\$ 28,404
Materials, Goods, Supplies, and Utilities	29,542	827	236,770	129,486	11,543	-	132,224	\$ 540,392
Transfers to Other Governments	-	-	-	-	-	-	-	\$ -
Firehall Services	-	36,223	-	-	-	-	-	\$ 36,223
Transfers to Local Boards and Agencies	-	-	-	-	-	-	-	\$ -
Library	5,213	-	-	-	-	-	39,000	\$ 44,213
Communities in Bloom	3,000	-	-	-	-	-	-	\$ 3,000
Lions Park   RV Camping	-	-	1,200	-	-	-	-	\$ 1,200
Historical Society	7,184	-	-	-	-	-	9,025	\$ 16,209
Senior Non-for-Profit	4,917	-	-	-	-	-	-	\$ 4,917
RCMP Services	-	-	-	-	-	-	-	\$ -
Transfers to Individuals and Organizations   Incentives	18,873	-	-	-	-	-	-	\$ 18,873
Bank Charges and Short Term Interest	2,648	-	42	-	-	-	35	\$ 2,725
Interest on Capital Long-Term Debt	-	-	29,586	72,792	-	1,842	-	\$ 104,220
Other Expenditures   Adjustments	5,204	-	-	-	-	-	-	\$ 5,204
	\$ 603,698	\$ 84,891	\$ 619,367	\$ 556,808	\$ 75,962	\$ 109,246	\$ 442,041	\$ 2,492,013

<b>EXPENSES - Year 2019</b>	\$ 503,887	\$ 56,505	\$ 661,525	\$ 652,162	\$ 83,152	\$ 149,227	\$ 572,790	\$ 2,679,248
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**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The financial statements were prepared in accordance with Canadian public sector accounting standards. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

*Reporting Entity*

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Mayor and Council for the administration of their financial affairs and resources

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

*Basis of Accounting*

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

*Measurement Uncertainty*

The preparation of financial statements in conformity with the Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

*Measurement of Financial Instruments*

Financial assets are measured at amortized cost include cash and cash equivalents and accounts receivable. Financial assets are tested annually for impairment. Impairment losses are recorded in the statement of operations. Any write-downs resulting from impairment are not reversed for subsequent increases in value.

Financial liabilities are measured at amortized cost and include accounts payable and accrued liabilities.



**TOWN OF THORSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Cash and Cash Equivalents*

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to insignificant risk of change in value, and have a maturity of one year or less at acquisition.

*Land Held for Resale*

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

*Net Financial Assets (Debt)*

Net financial assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which would provide resources to discharge existing liabilities or financial future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

*Non-Financial Assets*

Tangible capital assets and other non-financial assets are accounted for as assets by the Town because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

*Tangible Capital Assets*

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, and development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	10, 20, & 50 years
Engineered structures:	
Roadways	10, 20, & 25 years
Wastewater systems	40, 60, & 100 years
Water systems	40, 60, & 100 years
Office Furniture and Equipment	5, 10, 15, & 20 years
Computer Equipment	10 years

*Revenue Recognition*

Revenue for goods and services are recognized when the goods and services are provided, all significant contractual obligations have been satisfied, collection is reasonably measurable and assured, and customer acceptance of the goods and services has been received.



**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Tax Revenue*

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Town and are recognized as revenue in the year in which the local improvement project is completed.

*Government Transfers*

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

*Over-levy and Under-levy*

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

*Contaminated Sites*

Contaminated sites are defined as a result of contamination being introduced in air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

*New Accounting Standards Not Yet Adopted*

Effective for fiscal years beginning on or after April 1, 2021, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.





**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**2. DEFERRED REVENUE**

Deferred revenue represents unspent externally restricted funds that will be utilized to pay for expenditures of future projects.

	2020	2019
Federal Gas Tax Grant	\$ 224,922	\$ 222,843
Alberta Economic Development and Trade Grant	107,054	210,904
Municipal Sustainability Initiative Capital Grant	321,271	200,115
Alberta Health Services Communities Initiative Grant	20,133	10,000
Municipal Operating Support Transfer (MOST)	107,778	-
Municipal Stimulus Program (MSP)	120,652	-
	<u>901,810</u>	<u>643,862</u>

**3. LONG-TERM DEBT**

	2020	2019
Tax-Supported Debentures	\$ 3,086,838	\$ 3,358,049

Principal and Interest Payments are due as follows:

	Principal	Interest	Total
2021	\$ 247,626	\$ 93,878	\$ 341,504
2022	255,327	86,177	341,504
2023	263,280	78,224	341,504
2024	256,427	70,114	326,541
To Maturity	<u>2,064,178</u>	<u>440,128</u>	<u>2,504,306</u>
	<u>3,086,838</u>	<u>768,521</u>	<u>3,855,359</u>

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 1.86% to 9.625% per annum. Maturity occurs in periods from 2020 through 2039. Debenture debt is issued on the credit and security of the Town of Thorsby.

Total cash payments for interest on long-term debt in 2020 amounted to \$104,220 (2019 – \$105,178).



**TOWN OF THORSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**4. TANGIBLE CAPITAL ASSETS**

	Balance at Beginning of Year	Additions	Reductions	Balance of End of Year
<b>Tangible Capital Assets - Cost</b>				
<b>Engineered Structures</b>				
Roadway Systems	8,133,321	54,428	-	8,187,749
Water Systems	13,455,221	-	-	13,455,221
Wastewater Systems	2,683,381	-	-	2,683,381
<b>Total</b>	<b>24,271,923</b>	<b>54,428</b>	<b>-</b>	<b>24,326,351</b>
Buildings	5,233,569	-	-	5,233,569
Machinery and Equipment	1,821,933	11,337	-	1,833,270
Land	581,323	31,873	-	613,196
Vehicles	108,855	5,500	-	114,355
<b>Total Capital Project Costs</b>	<b>32,017,603</b>	<b>103,138</b>	<b>-</b>	<b>32,120,741</b>
<b>Accumulated Amortization</b>				
<b>Engineered Structures</b>				
Roadway Systems	5,679,854	181,183	-	5,861,037
Water Systems	4,046,023	272,804	-	4,318,827
Wastewater Systems	1,099,283	54,990	-	1,154,273
<b>Total</b>	<b>10,825,160</b>	<b>508,977</b>	<b>-</b>	<b>11,334,137</b>
Buildings	2,995,386	107,159	-	3,102,545
Machinery and Equipment	900,447	92,332	-	992,779
Vehicles	88,752	4,116	-	92,868
<b>Total Accumulated Amortization</b>	<b>14,809,745</b>	<b>712,584</b>	<b>-</b>	<b>15,522,329</b>
<b>Net Book Value of Capital Property</b>	<b>17,207,858</b>			<b>16,598,412</b>

**TOWN OF THORSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**5. ACCUMULATED SURPLUS**

	<b>2020</b>	<b>2019</b>
Unrestricted Surplus	\$ 1,064,105	\$ 736,203
Restricted Surplus		
Operating Reserves (Note 6)	134,790	134,790
Capital Reserves (Note 6)	762,840	766,281
Equity Tangible Capital Assets (Schedule 1)	<u>13,511,611</u>	<u>13,849,809</u>
	<b>15,473,346</b>	<b>15,487,083</b>

**6. RESTRICTED SURPLUS**

<b>RESTRICTED SURPLUS</b>		
	<b>2020</b>	<b>2019</b>
<b>Operating Reserves</b>		
Administration Contingency	\$ 38,741	\$ 38,741
Public Works Contingency	32,353	32,353
Water Contingency	31,563	31,563
Snow Removal	28,133	28,133
Arena Concession	<u>4,000</u>	<u>4,000</u>
	<b>134,790</b>	<b>134,790</b>
<b>Capital Reserves</b>		
Infrastructure Power	\$ 167,181	\$ 167,181
Recreation	126,041	126,041
Fire	-	115,068
Roads & sidewalk Replacemen	163,958	107,399
Water	98,422	98,422
Public Park	44,860	44,860
Sewer	44,109	44,109
Equipment	90,157	35,089
General Administration	21,900	21,900
Hall	4,000	4,000
Library	<u>2,212</u>	<u>2,212</u>
	<b>762,840</b>	<b>766,281</b>



**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**7. CREDIT FACILITY**

The Town has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime rate minus 0.25%. At December 31, 2020 and 2019 the revolving line of credit was not drawn upon.

**8. CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

In the ordinary course of business, the Town is involved in lawsuits, claims, investigations, and proceedings. Although the outcome of any legal proceedings cannot be predicted with certainty, management is of the opinion that, apart from those cases where a provision has already been recognized, there are no such matters pending which would be likely to have any material adverse effect in relation to its business, financial position, or results of operations. There are no provisions recognized in the current or prior years.

**9. FRANCHISE and CONCESSION CONTRACTS**

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2020	2020	2019
	<i>Budget</i>	Actual	Actual
	<i>(Note 17)</i>		
Fortis Alberta	\$ 176,660	\$ 171,395	\$ 172,556
ATCO Gas	65,340	61,392	63,380
	<b>242,000</b>	<b>232,787</b>	<b>235,936</b>

**10. ASSET RETIREMENT OBLIGATION**

In 2004, the Town gave a portion of land to Leduc County for construction of the Thorsby and District Fire Hall. The Thorsby public works building also sits on this land. The Town entered into an agreement with Leduc County for the right to use the public works building and immediately adjoining land for a period of 15 years, after which the agreement can be renegotiated. If the Town ceases to use the building during this time, it will be responsible for all demolition and site restoration.

**TOWN OF THORSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**11. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Thorsby be disclosed as follows:

	<b>2020</b>	<b>2019</b>
Total debt Limit	4,477,203	4,695,060
Total debt	- 3,086,838	- 3,358,049
<b>Total Debt Limit Remaining</b>	<b><u>1,390,365</u></b>	<b><u>1,337,011</u></b>
Service on Debt Limit	746,201	782,510
Service on Debt	- 341,504	- 375,431
<b>Total Service on Debt Limit Remaining</b>	<b><u>404,697</u></b>	<b><u>407,079</u></b>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00 and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired.

The calculation taken alone does not represent the stability of the Town. Rather, the financial statements must be interpreted as a whole.

**12. CONTRACTUAL OBLIGATIONS**

The Town has entered into an agreement with DMJ Environmental Consulting Ltd. for consulting services regarding the operation of the Town's water treatment plant, water distribution, wastewater treatment and wastewater collection systems commencing October 16, 2018 for a three-year period ending October 15, 2021. The annual estimated cost over the term of the agreement is \$175,000.



**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**13. SALARIES and BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Town officials, the Town administrator and designated officers are required by Alberta Regulation 313/2000 is as follows:

	<b>Salary</b>	<b>Benefits</b>	<b>2020</b>	<b>2019</b>
Mayor: Rod Raymond	\$ 13,833	\$ 744	\$ 14,577	\$ 17,752
Councillors:				
Ivor Foster	13,369	191	13,560	15,162
Nathan Raymond	12,219	637	12,855	15,757
Ken Poffenroth	10,711	153	10,864	12,810
Cory Gilbert	11,969	620	12,589	15,152
	<b>\$ 62,101</b>	<b>\$ 2,345</b>	<b>\$ 49,868</b>	<b>\$ 76,633</b>
Chief Administrative Officer	\$ 86,705	\$ 16,390	\$ 103,095	\$ 105,910
Chief Financial Officer	\$ 53,520	\$ 10,117	\$ 63,637	\$ 80,230

- (1) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Benefits and allowances include the employer's share of the employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.



**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**14. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP serves approximately 260,000 people and 425 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

Contributions for current service and past service pension benefits are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

The current service contributions by the Town of Thorsby to the LAPP in 2020 were \$40,503 (2019 - \$58,815).

Total current service contributions by the employees of the Town to the LAPP in 2020 were \$33,732 (2019 - \$53,052)

**15. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Town's credit risk.

The Town is not exposed to interest rate risk on its long-term debt as the interest rate on the debentures is fixed for the term of the debentures.

**16. SEGMENTED INFORMATION**

The Town provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are considered with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (Schedule 4).

**17. BUDGET FIGURES**

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on June 09, 2020.

**18. COMPARATIVE FIGURES**

The comparative figures shown on these financial statements were audited by other Chartered Professional Accountants. Some amounts have been re-organized to correspond to current year presentation.



**TOWN OF THORSBY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**19. COVID-19 PANDEMIC**

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect of the Town. An estimate of the potential financial impact cannot be made at this time.

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.

